Under Bush Republicans,
the American Dream Has Become Less Affordable for Middle-Class Families in Indiana

For hard-working, middle-class families all over the country, life during the Bush presidency has grown less affordable and less secure. In June, the U.S. Department of Labor reported that consumer prices have increased at the fastest monthly pace in 26 years, and the biggest year-on-year increase since 1991. The Bush-McCain record of fiscal incompetence and mismanagement have helped lead to both lower wages and skyrocketing costs for basic necessities like gas, health care, and college tuition. Unfortunately, instead of addressing the problems facing the middle class, Bush-McCain Republicans have either ignored them or enacted measures that have made matters even worse.

Middle-Class Families in Indiana Squeezed By Skyrocketing Costs

Health care premiums have increased for Indiana's families. Nationally, the cost of family health insurance has skyrocketed 78 percent since 2001.[1] In 2005, the average inflation-adjusted health care premium for family coverage in Indiana was $10,678, an increase of 36.02 percent since 2001, while the average premium for individual coverage was $4,042, a 39.66 percent increase from 2001.[2]

Meanwhile, the number of uninsured Americans has increased every year since President Bush took office, from 41.2 million in 2001 to a record high of 47 million in 2006.[3] In 2001, 12.1 percent of Indiana residents had no health insurance.[4] In 2006, 11.8 percent of Indiana residents had no health insurance, a decrease of only 0.3 percent.[5] In Indiana, 97,247 children living in families below 200 percent of the federal poverty level (or 60.5 percent) do not have health insurance.[6]

Gas prices have skyrocketed in Indiana. In Indiana, the price of regular gas has jumped 195.71 percent from $1.40 the week President Bush took office in January 2001[7] to $4.08 in July 2008.[8] In 2008, the average Indiana household with children will spend about $7,069 on transportation fuel costs, an increase of $4,643 over 2001 costs.[9]

College education costs in Indiana continue to rise. Nationally, average tuition, fees, room, and board costs at four-year public universities have increased by $4,357 from $8,439 in the 2000-2001 academic year to $12,796 in the 2006-2007 academic year, an increase of 51.6 percent.[10] In just the past school year in Indiana, average tuition and fees at four-year private universities have increased by 6 percent from $23,545 in the 2006-2007 academic year to $24,856 in the 2007-2008 academic year, and have increased from $6,555 to $6,877 (or 5 percent) at four-year public colleges.[11]

In 2006, 30 percent of family income was needed to pay for one year at a four-year public college in Indiana, after financial aid.[12] In Indiana, 55 percent of students graduating from four-year institutions in the 2004-2005 school year graduated with debt. The average student graduating from a four-year college in Indiana that year owed $19,518 in student loan debt.[13]

The subprime mortgage crisis is impacting Indiana homeowners. Subprime mortgages once helped millions of Americans, many with limited or imperfect credit, achieve the American dream of homeownership. Unfortunately, under the Bush Administration's watch, unregulated mortgage originators engaged in abusive and predatory lending practices, deceiving vulnerable borrowers into adjustable rate mortgages (ARMs) they could never afford, charging excess fees, and trapping them in high-cost loans with costly pre-payment penalties. As interest rates on these adjustable rate loans reset and move sharply higher, many American families will lose their home to foreclosure.

An estimated two million American households may lose their homes to foreclosure this year and next, and no state has been immune. In Indiana, more and more people are facing mortgage delinquencies and foreclosures: in 2007, there were 52,930 foreclosures in Indiana.[14] According to a recent Joint Economic Committee report, there are 269,346 subprime loans currently outstanding in Indiana, and the number of subprime foreclosures in Indiana is estimated to total 53,591 between the first quarter of 2008 and the end of 2009.[15] The Pew Center on the States recently estimated that one out of every 37 homeowners in Indiana will experience foreclosure in 2008 through 2009.[16]

Nationally, home prices are down and families have lost wealth. Indiana is estimated to see a 1.37 percent drop in real median house prices between 2007 and 2009, sending housing wealth in the state plummeting by an estimated $1.3 billion.[17] In addition, the high rates of foreclosure are bringing down neighboring property values and lowering the tax base. The Joint Economic Committee found that the expected economic costs of forecast foreclosures will total nearly $104 billion. In Indiana, subprime mortgage-related foreclosures through the end of 2009 will cost the state approximately $1,044,449,209 in lost property value and lost property taxes.[18]

Middle-Class Families in Indiana Squeezed By Declining Incomes and Fewer Job Opportunities

While families work harder, their real wages continue to decline. Nationwide, median household income, adjusted for inflation, has declined $982 between 2000 and 2006.[19] In Indiana, after adjusting for inflation, people are earning less than they were in 2000. In 2000, the median income in Indiana was $47,845.[20] In 2006, the median income in Indiana was $45,407*,* a drop of $2,438, or 5.37 percent.[21]

Job creation during the Bush Presidency is among the worst since the Hoover Administration.[22] Private sector job creation has been especially poor during the Bush presidency, with an average annual job growth rate of only 0.5 percent per year since 2001. Just 3.8 million private sector jobs have been created during since 2001, compared with over 20 million private sector jobs created during the Clinton presidency.[23] In Indiana over the same period, only 27,300 new jobs have been created since Bush took office – a rate of 310 new jobs per month in the 89 months that President Bush has been in office – compared with a total of 413,400 jobs gained under President Clinton – or 4,640 new jobs created per month during the first 89 months of the Clinton Administration.[24]

The U.S. manufacturing sector, often the source of jobs with good pay and benefits, has lost over 3.5 million jobs since the start of the Bush Administration.[25] In June 2008, there were 536,600 manufacturing jobs in Indiana, representing a 16.05 percent drop in manufacturing employment since January 2001.[26]

Nationwide, unemployment has increased by 19 percent. In part because of this failure to create a sufficient number of jobs, the national unemployment rate stands at 4.9 percent,[27] 0.7 percentage points higher than the 4.2 percent rate when President Bush took office. This represents 7.6 million people who are officially counted as unemployed – over 1.6 million more people than were unemployed in January 2001. The unemployment rate in Indiana increased 72.41 percent between 2000 and 2006.[28] In June 2008, there were 187,900 unemployed persons in Indiana.[29]

The Bush Administration has presided over the second largest average annual rise in the poverty rate.[30] In 2006, 36.5 million Americans were living in poverty in the United States, an increase of over 4.9 million since 2000.[31] In Indiana, the poverty rate increased from 8.5 percent in 2000 to 10.6 percent in 2006.[32]

Middle-Class Families in Indiana Squeezed By Record Levels of Republican-Created Debt

In addition to tightening the squeeze on America's families, Republican policies have made our entire nation less financially secure. Republicans increased our national debt to nearly $9 trillion and have insisted on spending billions of dollars every year on budget-busting tax breaks for special interests and multi-millionaires. The Bush Administration also continues to compromise our economic security by increasing our reliance on foreign investment from China, Japan, and Dubai.

Bush Republicans turned record budget surpluses into record deficits. When President Bush took office in January 2001, he inherited a unified budget surplus of $236 billion from President Clinton, the largest surplus in American history.[33] Budget surpluses were expected to continue for at least another ten years when President Bush took office in January 2001.[34] By 2002, however, the unified federal budget had returned to a deficit of $160 billion and has since reached historic highs.[35] Last year, the budget deficit was $163 billion, or 1.2 percent of GDP.[36]

An enormous trade deficit is undermining U.S. competitiveness. In 2007, the annual U.S. trade deficit was $708.5 billion – twice the size of the trade deficit in 2000, the year before George Bush took office.[37]

Debt owed to foreigners climbs to record levels. In order to finance record budget deficits, the United States has had to borrow at unprecedented rates from foreigners. As of September 2007, the United States had accumulated $1.4 trillion more in debt to foreigners than this country had accumulated in its first 224 years.[38] By contrast, during the last three years of the Clinton Administration, the United States paid off more than $200 billion in debt to foreigners.[39]

Bush Republicans, addicted to borrowing, increased the national debt by over $3 trillion. President Bush is the most fiscally irresponsible American president, having presided over the largest explosion of debt in our nation's history. Every year since taking office, President Bush requested that Congress increase the statutory debt limit, resulting in a $3.2 trillion, or 57 percent, increase.[40] At the end of 2007, the federal debt was $9.0 trillion, or roughly $30,000 for every man, woman, and child in America.[41] The public debt currently stands at $9.4 trillion.[42]

Record federal deficits and debt create record interest costs for Indiana's taxpayers. Record federal deficits and debt create record interest costs for Americans. In 2006, interest costs on the federal debt amounted to $405.9 billion and this figure will grow to $645 billion by 2017.[43] Moreover, the Bush tax cuts, which disproportionately benefit the wealthiest Americans, have resulted in an increased national debt that will have to be paid off in the future, which is a burden that falls disproportionately upon the middle class.

Between 2001 and 2006, Indiana residents in the top one percent income bracket (earning an average income of $889,300 in 2006) received an average tax cut of $61,529 per family member, which exceeds their added debt and interest burden per person for a *net benefit* of $21,040. By contrast, Indiana residents in the middle 20 percent income group (earning an average income of $41,200 in 2006) received an average $2,032 in tax cuts, but their share of the added debt and interest totaled an average $9,089, resulting in a *net loss* of $7,057 over the six-year period. The *net loss* for a middle class family of four is estimated to be $28,226 over that period.[44]

Endnotes

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